# Review of Mara. A. Yerkes 'Transforming the Dutch Welfare State: Social Risks and Corporatist Reform' [Review of: M.A. Yerkes (2011) Transforming the Dutch Welfare State: Social Risks and Corporatist Reform]

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# Mara A. Yerkes (2011), *Transforming the Dutch Welfare State: Social Risks and Corporatist Reform*. Bristol: Policy Press. £65, pp. 172, hbk.

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# Book Reviews

Mara A. Yerkes (2011), *Transforming the Dutch Welfare State: Social Risks and Corporatist Reform.* Bristol: Policy Press. £65, pp. 172, hbk.
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Mara Yerkes has written an important study on welfare reform in the Netherlands, with a focus on the most recent period of reform (1995–2010). Although the author is not Dutch herself, she appears very well informed on the institutional peculiarities of the Dutch system. However, she also demonstrates the advantages of not being too deeply involved in the object of study. With great analytical clarity, Yerkes unravels how welfare state policy has been transformed in three domains of social risk management: (a) sickness and disability, (b) child care and (c) employability.

The first two chapters of the book introduce the research puzzle and a theoretical approach. The co-author of these chapters is Romke Van der Veen who published widely on an earlier episode of Dutch welfare state reforms (1980–95), which he labelled a process of 'managed liberalization'. Typical for this period were the numerous reorganisations at the institutional level of the welfare system. Reforms did not aim so much at a retrenchment of welfare arrangements; the primary concern was to create a more efficient and controllable administrative system. Van der Veen (1999) showed that this approach was highly successful in bringing back 'workfare' elements into the Dutch welfare state. Two other Dutch scholars drew a similar conclusion in their study *A Dutch Miracle*, in which they showed that the corporatist socio-economic structure of Dutch society had made it possible to cure the pathology of a welfare system that had grown too generous, and too 'passive' (Visser and Hemericjk, 1997)

Mara Yerkes picks up where the *Dutch Miracle* leaves off. She argues that new challenges have emerged during the 1990s, usually described as 'new' social risks and changes to 'old' social risks. The empirical question is then: did these challenges produce another miracle? Which new reforms were realised and how did they perform in the face of the new social risk landscape? Theoretically, the focus on new risks is known from the work of Taylor-Gooby (2004), who defined new social risks as manifestations of the post-industrial condition. Today, social risks affect increasing numbers of people, often already in younger stages of their lives, and especially those people who have problems with their employability and lack sufficient access to training and education. New social risks, Taylor Gooby argues, call for policies that support people to remain active in gainful employment, including such arrangements as child care, activating programs and employability strategies.

Yerkes and Van der Veen are somewhat sceptical about this idiom on new and old social risks. They argue that the point is not so much whether a risk is old or new, but if 'society' is going to perceive it as a *social* risk; that is, a risk that needs collective (political) action. Do we see child care as an individual or a social responsibility? Thus, risk perception is an important variable in this study. By stressing this point, the authors make clear that variations in risk policy cannot simply be explained from the risk characteristics themselves; rather, a thorough analysis is needed of how risk perceptions develop. I fully agree with this 'constructivist' approach, although I am not sure if the study has fully succeeded in doing so.

In order to understand how reforming actors frame their perception of risk and risk management, Yerkes and Van der Veen develop an 'actor-centred institutional framework', based on the work of Frits Scharpf. This implies that the authors jump into the ongoing academic debate on the possibilities of institutional change. At this point, they take a pragmatic stand. Whereas some scholars, such as Paul Pierson, have argued that welfare state change is unlikely, due to path dependency effects, and other scholars, such as Kathleen Thelen, have pointed out that (gradual) institutional change is a fact of life and comes in several shapes, Yerkes and Van der Veen distinguish different mechanisms that can explain either stability or change. This seems a prudent research strategy, but at this point I had hoped that the authors would have theorised a little more on the concept of risk perception and its institutional antecedents.

Notwithstanding this omission, the three case studies provide rich insights into the mechanisms that appoint responsibilities to both collective entities and individuals for dealing with (old and new) social risks. In the case of sickness and disability arrangements, it is analysed in great detail how the original collective policy approach, based on full income protection, has gradually been 'decollectivised', making employers and employees more responsible for healthy working and living conditions. Remarkably, the case of child care shows an opposite trend. Once perceived as an individual or family-based responsibility, the provision of child care is now semi-collectivised (based on public means, mandatory employer subsidies and an individual contribution). Finally, investments in employability have not become part of Dutch welfare state politics, but are largely perceived as an individual responsibility, although it is assumed that collective actors (unions and employers associations) will develop arrangements that support the individual in maintaining his or her knowledge and skills.

Yerkes argues that these reforms are successful responses to changing and newly emerging risks, and that this success can be attributed (again) to the flexibility of Dutch corporatism. Is this conclusion justified? It is true that substantial reforms have been realised and that these reforms respond to the need for more individual responsibility without reducing the welfare state to minimum standards. Indeed, corporatism is a protective social structure between the individual and the state, that can mitigate the effects of welfare retrenchment. However, both on theoretical and empirical grounds, the optimism that Yerkes displays must be put into perspective.

Theoretically, I believe it is necessary to develop a better understanding of the relationship between responsibility attribution and policy effectiveness, before one is able to evaluate the eventual success of policy reforms. It remains unclear why it is better, under post-industrial conditions, to collectivise child care and to leave the employability issues to corporatist actors. At this point, the definition of risk perception as a mere issue of responsibility attribution seems too narrow. Employability issues, for instance, can be perceived both as effects of globalisation and as effects of individual life styles (manufactured risks). Further collectivisation of risks (beyond the borders of national welfare states) would be a successful response to the first perception, while the latter calls for strengthening individual responsibilities. This normative (political and ideological) dimension of perceiving social risks is insufficiently addressed in this study, but cannot be excluded from policy evaluation.

Empirically, I am not sure if a new Dutch miracle has been realised after all. Currently, the Dutch unions are in a deep crisis, suffering from severe internal conflicts and rapidly declining membership. Neoliberal governance styles have become a standard in the public sector, making market forces dominant over corporatist ways of organising. It remains to be seen if corporatism will survive as a crucial factor in establishing collective welfare, given the (global) forces that press for a further liberalisation of the labour market.

Nonetheless, the study of Yerkes is very good reading for all scholars interested in the institutional dynamics of welfare reform. The focus on risk perception is promising, but needs further elaboration and research.

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Richard Layard and Stephen Nickell (2011), *Combating Unemployment*. New York: Oxford University Press. £35, pp. 272, hbk.
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When it comes to describing the situation of the disenfranchised in Britain, Conservative and Labour politicians are never short of good quotes. In a speech following the London riots of August 2011, David Cameron talked about the '120,000 most troubled families' in the country, and promised help from mentors – 'family champions', as the government called them. For his part, Tony Blair (Blair, 2011) held forth about a sub-group of people 'outside the social mainstream' demanding 'deeply specific solutions'. Even left-leaning media expressed the concern that many of our poorest people are now 'culturally hostile to work' (Ashley, 2011).

This hard core of jobless, familyless, helpless people has long been a headache for policy-makers, even before the financial crisis hit the world economy. For there is something very specific about them: first out of work when the economy slows down, they are also the last ones back in when growth accelerates. The reason behind this sad fact is known: long-term joblessness dramatically increases the risk of depression, divorce, substance abuse and pretty much everything that prevents from living a 'normal' life.

*Combating Unemployment* is a key contribution to this reflection on what policy can achieve to prevent long-term unemployment. Co-authored by Richard Layard (Emeritus Professor at the London School of Economics and co-director of the Centre for Economic Performance) and Stephen Nickell (Warden of Nuffield College, Oxford and previously Professor at the LSE), it condenses and amplifies some thirty years of research on labour market institutions. This volume, published on the occasion of the award of the IZA Prize in Labour Economics to its authors, should be on the reading list of all serious students in economics for at least two reasons.

First, Layard and Nickell have considerably clarified the way in which policy interventions such as employment protection legislation, collective bargaining, taxes, active labour market policies and unemployment benefits influence the level of wages and prices. One of their most enlightening conclusions is that stricter employment protection regulation does not necessarily increase the *overall level* of unemployment. However, strong dismissal protection for regular contracts tends to increase the *persistence* of unemployment by making it more difficult for employers to make punctual adjustments to their workforce. This results in higher long-term unemployment which is very difficult to overcome due to loss of human capital and motivation.

In the same way, Layard and Nickell have shown that generous unemployment benefits are not necessarily harmful to achieving low unemployment if they are granted for only a limited time and if they are accompanied by services to assist jobless individuals to actively search for work. Therefore, according to the authors, active labour market policies and 'activation schemes' based on the rights and duties of beneficiaries are indispensable complementary measures in a system with elaborate unemployment benefits.